



DEPARTMENT OF STATE  
BRIEFING MEMORANDUM

7502052

S/S

SECRET/NO FOREIGN DISSEM  
CONTROLLED DISSEM  
NO DISSEM ABROAD

January 30, 1975

To : The Secretary

From: INR - William G. Hyland

Cuba Probes for a Dialogue With the US

State Dept. review completed

Summary

In recent months Cuba has put out signals that it wants to begin a dialogue with the US, in contrast with its pre-1974 position.

Castro probably calculates that conditions for bargaining with the US now are the best since relations were broken 14 years ago.

- He is politically and economically in control at home and no longer needs to blame the US for economic difficulties.
- Probable early OAS moves to end sanctions will increase pressures on the US.
- Cuban/Soviet ties are strong, and they are confident that the pace of Cuban-US relations can be controlled to minimize US influence.
- Castro knows that the US could use Cuban sugar.
- Once talks begin, US exporter pressure to enter the Cuban market will grow.

Cuba will need US technology as well as private and international financing, which would follow improved relations with the US.

SECRET/NO FOREIGN DISSEM  
CONTROLLED DISSEM/NO DISSEM ABROAD  
XGDS-2

WARNING NOTICE  
SENSITIVE INTELLIGENCE SOURCES  
AND METHODS INVOLVED

SECRET/NO FOREIGN DISSEM  
CONTROLLED DISSEM/NO DISSEM ABROAD

- 2 -

Castro seems to understand the need for step-by-step negotiations with the US and to realize that lifting restrictions on US-Cuban relations depends largely on US congressional rather than executive action.

Cuba has nothing to lose--and a great deal to gain--by appearing to offer the US an opening toward improvement in relations.

--If the US moves toward understandings, Cuba will become politically more acceptable and economically more creditworthy.

--If the US remains aloof or if negotiations drag, Castro will at least gain politically among Latin Americans, third-worlders, and certain European countries.

\* \* \* \* \*

SECRET/NO FOREIGN DISSEM  
CONTROLLED DISSEM/NO DISSEM ABROAD

SECRET/NO FOREIGN DISSEM  
CONTROLLED DISSEM/NO DISSEM ABROAD

- 3 -

Cuban Overtures

During the past year, and particularly the last several months, Cuba has put out a variety of signals strongly suggesting that it wants to begin a dialogue to diminish the hostility that has characterized Cuban/US relations for more than a decade. Specifically [redacted]

25X1  
25X1

[redacted] Cuba  
--is ready to bargain with the US on longstanding differences, including payment of compensation to the US, provided an appropriate payment formula can be devised, and

--may even be prepared to compromise on its so-called firm precondition (i.e., lifting the "immoral blockade") for beginning the bargaining process.

Taken at face value, these signals portray Castro and other Cuban leaders as being anxious to talk now if the US will respond.

This seeming interest in getting talks underway now to improve relations contrasts rather sharply with Castro's pre-1974 position. Although willing to work out agreements on specific issues, such as the 1965 refugee airlift understanding and the 1973 anti-hijacking agreement, he remained convinced that the US was basically hostile to his revolution, and he was suspicious of US intentions toward his regime. His basic demands were that detente proceed on Cuban terms, i.e., the US would have to:

--discontinue the economic "blockade"; and

--cease playing the role of "gendarme" of the hemisphere.

Now, Castro appears to be much more flexible and to be concerned primarily with suggesting to the US that differences can be resolved once talks have been initiated.

SECRET/NO FOREIGN DISSEM  
CONTROLLED DISSEM/NO DISSEM ABROAD

SECRET/NO FOREIGN DISSEM  
CONTROLLED DISSEM/NO DISSEM ABROAD

- 4 -

25X1

As if to underscore Cuba's changed position, Carlos Rafael Rodriguez, Cuban Deputy Prime Minister for Foreign Affairs

during a January interview with a French writer. After explaining Cuba's strong feelings concerning this aspect of US policy, he insisted that the blockade must be lifted, but he said that "the lifting...could comprise various phases and assume various forms...." These statements represent the first time Cuba has

25X1

--made a concerted effort to argue its case on the economic denial program; and

--indicated willingness to consider a phased reduction of the program.

#### Cuba's Strengthened International Position

Cuba is no longer isolated in the hemisphere and has established or repaired political and economic relations with most of the world other than the US. Diplomatic relations with the Vatican and West European countries have recently been elevated to a new, higher status.

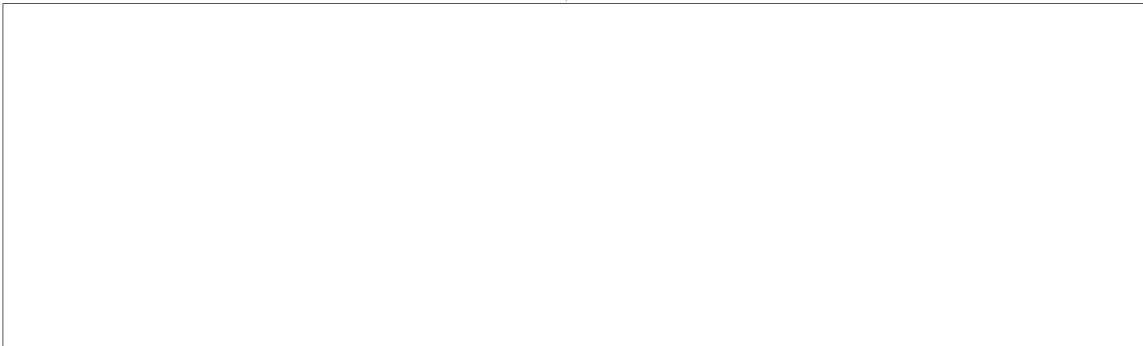
SECRET/NO FOREIGN DISSEM  
CONTROLLED DISSEM/NO DISSEM ABROAD

SECRET/NO FOREIGN DISSEM  
CONTROLLED DISSEM/NO DISSEM ABROAD

- 5 -

Cuba has been accepted as part of the Latin American family in some UN circles, and the OAS General Assembly meeting in April may take significant steps toward ending Latin American economic sanctions. Castro's new support of nationalism as a first step toward socialism burnishes his credentials among other developing countries.

Convertible export earnings of around \$1 billion in 1974 enhance Cuba's economic attractiveness. The much-heralded gains which mark Cuba's improved economic situation include:



25X1

As a practical matter, however, none of these gains provides Cuba with a long-term alternative to dependence on Soviet goodwill and economic generosity. Western Europe and Japan, now saddled with balance-of-payments problems, do not appear willing or able to provide large-scale development credits. Spain is a partial exception because it buys large amounts of Cuban sugar, but Japan--hitherto Cuba's largest "free-world" sugar market--remains reluctant to engage deeply in the faraway Cuban economy. Latin American countries, except antagonistic Chile and Uruguay, are not sugar buyers.

The Soviets appear willing--even eager--for Cuba to knit its relations with Western countries, including the US. They have a major stake in Cuba's 1976-80 development plan, which they helped draw up. East European CEMA partners remain marginal contributors to Cuba's basic development. The cooperation of Western economies would clearly lessen the burden of Cuba's development on the Soviets.

SECRET/NO FOREIGN DISSEM  
CONTROLLED DISSEM/NO DISSEM ABROAD

SECRET/NO FOREIGN DISSEM  
CONTROLLED DISSEM/NO DISSEM ABROAD

- 6 -

Renewal of trade with the US would give Cuba access to products, capital, and technology not available on a large scale from the USSR or elsewhere. The mending of political relationships would afford Cuba access to such international financial institutions as the World Bank.

Why Now?

Castro probably calculates that conditions in 1975 offer Cuba a good opportunity to bargain with the US, probably the best in the 14 years since relations were broken, because:

- The revolution has been firmly institutionalized, and much of the change it has wrought is probably now irreversible. The Communist Party's role has been strengthened without diminishing Castro's hold on the ultimate levers of power.
- The economy is almost certainly stronger than at any time since the beginning of the revolution in 1959. Sugar earnings are at an unprecedented level, and the ill effects of the poorly conceived rush toward rapid industrialization and agricultural diversification are being overcome with better planning and management. Therefore, Castro no longer needs to blame the US for Cuba's economic difficulties in order to marshal domestic support.
- Likely significant OAS action in April on sanctions against Cuba will result in making sanctions largely a bilateral matter between the US and Cuba.
- Cuban willingness to talk with the US would increase Latin American pressures on the US to moderate requirements to normalize relations.
- As the Cuban economy moves forward, the need for US technology will increase if long-term economic goals are to be realized.
- Interest of prospective US exporters in entering the billion-dollar Cuban convertible currency market is

SECRET/NO FOREIGN DISSEM  
CONTROLLED DISSEM/NO DISSEM ABROAD

SECRET/NO FOREIGN DISSEM  
CONTROLLED DISSEM/NO DISSEM ABROAD

- 7 -

growing and would work as a pressure factor on the US once talks were initiated.

--Negotiations undertaken now would facilitate access at a later date to private sources of finance and the international lending institutions.

--Relations with the Soviets are good, and the process of opening up Cuba could be accomplished in a controlled fashion to safeguard Cuban/Soviet ties, while minimizing the risk of a restoration of US influence. Both Cuba and the Soviets are much more confident of their relationship, and Castro apparently has satisfied himself that the USSR will not deal with the US in such a manner as to jeopardize Cuban interests.

Possibly as an opening to the US, Castro stated on January 11 that Cuba is willing to sell sugar to the US because "we do not have any law prohibiting" such sales.

--He may see recent US abandonment of country import quotas on sugar in favor of a global quota as a gesture designed to ease the possibilities for renewed Cuban sugar purchases.

--He knows that the US needs to import 4-5 million tons of sugar in 1975 and that world supplies remain tight.

--He wants to get better prices for his sugar from the Soviets, and sales to the US at high world prices might spur generosity on the part of the USSR.

--Diversion of Cuban sugar to the US market would promote Cuban acceptability among other sugar-producing countries by shoring up prices and in some cases opening up markets for them (e.g., Philippine sugar could go to Japan instead of the US).

--Dollar sales this year would be especially desirable while prices remain high.

SECRET/NO FOREIGN DISSEM  
CONTROLLED DISSEM/NO DISSEM ABROAD

SECRET/NO FOREIGN DISSEM  
CONTROLLED DISSEM/NO DISSEM ABROAD

- 8 -

Step-by-Step: Castro Appears To Understand

Castro apparently realizes the difficulties of implementing any scenario leading to normalization of relations with the US.

25X1

He seems to understand the need for a step-by-step approach to the process of dismantling complex restrictions on US relations with Cuba, and to realize that that would mainly require US congressional rather than executive action.

The Cuban press has played up your role as mediator and negotiator. Castro himself, in speaking of you, tends to use the word "realist," and he has several times separated your role as a peacemaker from certain US policies he considered negative or "imperialistic."

Once discussions got underway, Castro could fine-tune his requirements up or down to maximize pressures on various interest groups in the US and to gain political advantage in other parts of the world. He probably anticipates that pressures within the US, though divided pro and con, would be weighted in favor of some degree of normalization and that time would work in Cuba's favor.

In any case, Cuba has little to lose and a great deal to gain by appearing to offer the US an opening toward step-by-step improvements in relations.

--If the US moves toward understandings--even slowly-- Cuba will become politically even more acceptable and economically more creditworthy.

--If the US remains aloof or if negotiations drag, Castro will at least have gained politically among Latin Americans, third-worlders, and certain European countries.

SECRET/NO FOREIGN DISSEM  
CONTROLLED DISSEM/NO DISSEM ABROAD

Drafted: INR/RAA:LEMisback;MKManzoli:cad  
x20584; 22242:1/30/75